

**PLYMOUTH COUNTY, IOWA
Independent Auditors' Report
Financial Statements
And
Supplemental Information
Schedule of Findings and Questioned Costs
June 30, 2012**

PLYMOUTH COUNTY, IOWA

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PLYMOUTH COUNTY, IOWA

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PLYMOUTH COUNTY, IOWA

COUNTY OFFICIALS

Name	Title	Term Expires
<hr/>		
Jim Henrich	Board of Supervisors	December 31, 2012
Jack Guenthner	Board of Supervisors	December 31, 2014
Don Kass	Board of Supervisors	December 31, 2014
Craig Anderson	Board of Supervisors	December 31, 2014
Mark Loutsch	Board of Supervisors	December 31, 2012
Stacey Feldman	County Auditor	December 31, 2012
Linda Dobson	County Treasurer	December 31, 2014
Jolynn Goodchild	County Recorder	December 31, 2014
Mike Van Otterloo	County Sheriff	December 31, 2012
Darin J. Raymond	County Attorney	December 31, 2014
Robert Heyderhoff	County Assessor	December 31, 2015



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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Plymouth County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of PLYMOUTH COUNTY, IOWA (the County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Plymouth County, Iowa, as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principals generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 22, 2012 on our consideration of Plymouth County, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress for the retiree health plan on pages 6 through 13 and 40 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2005 (which are not presented herein) and expressed adverse opinions on those financial statements due to the effects of the omission of general fixed assets. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Certified Public Accountants

Le Mars, Iowa
December 22, 2012

PLYMOUTH COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

PLYMOUTH COUNTY PROVIDES THIS MANAGEMENT'S DISCUSSION AND ANALYSIS OF ITS FINANCIAL STATEMENTS. THIS NARRATIVE OVERVIEW AND ANALYSIS OF THE ACCRUAL ACCOUNTING AND FINANCIAL ACTIVITIES IS FOR THE FISCAL YEAR ENDING JUNE 30, 2012. WE ENCOURAGE READERS TO CONSIDER THIS INFORMATION IN CONJUNCTION WITH THE COUNTY'S FINANCIAL STATEMENTS, WHICH FOLLOW.

2012 FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the end of FY12 by \$57,346,129 (net assets).
 - Plymouth County's FY12 total net assets increased by \$5,917,528 from FY11.
 - At the end of FY12, Plymouth County governmental funds reported a combined ending fund balances of \$12,938,251, an \$8,190,023 increase from FY11 due primarily to the issuance of \$6,455,000 of GO Refunding Bonds in a crossover advance refunding of the 2005 GO Urban Renewal Bonds. The general fund balance increased \$618,809 from FY11 to FY12, which is a 64% increase.
 - At the end of FY12, the unassigned fund balance for the general fund was \$1,219,466; 19% of total general fund expenditures.
 - The County's total debt increased by \$5,635,000. This increase was again the result of the issuance of \$6,455,000 GO Crossover Refunding Bonds.
-

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The **Government-wide Financial Statements** consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Plymouth County as a whole and present an overall view of the County's finances.

The **Fund Financial Statements** tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Plymouth

County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Plymouth County acts solely as an agent or custodian for the benefit of those outside of the government (Agency Funds).

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the county's budget for the year, as well as presenting a schedule of funding progress for retiree health plan.

Supplemental Information provides detailed information about the non-major funds and the individual agency funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

The **Statement of Net Assets** presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **Statement of Activities** presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and capital projects. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about individual funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

Plymouth County has two types of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows in and out of those funds. These balances left at year-end are available for spending. The county has 13 governmental funds. These main governmental funds include: 1) the General Fund, 2) the Special Revenue funds such as Mental Health Fund, Rural Services Fund, Secondary Roads Fund, Local Option Sales Tax Fund, Joint Urban Renewal Fund 3), and the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for Emergency Management Services, the County Assessor, and the Emergency 911 as a few examples.

The required financial statement for agency funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follows the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Plymouth County's total net assets for FY12 totaled \$57,346,129. The analysis that follows focuses on the components of net assets for the governmental activities.

Net Assets of Governmental Activities

	2012	2011
Current and other assets	\$24,948,044	\$16,257,542
Capital assets	59,852,876	56,584,392
Total Assets	<u>\$84,800,920</u>	<u>\$72,841,934</u>
Long-term debt outstanding	8,513,473	9,018,462
Other liabilities	18,941,318	12,394,871
Total liabilities	<u>\$27,454,791</u>	<u>\$21,413,333</u>
Net assets:		
Invested in capital assets, net of related debt	57,339,231	53,474,392
Restricted	5,420,164	4,145,267
Unrestricted	(5,413,266)	(6,191,058)
Total net assets, restated	<u>\$57,346,129</u>	<u>\$51,428,601</u>

The largest portion of the County's net assets is invested in capital assets (e.g. land, infrastructure, buildings, and equipment), less the related debt. The debt related to capital assets is liquidated with resources other than capital assets. A portion of the County's net assets (9%) represents resources that are subject to external restrictions on how they may be used. Unfortunately, there is not a positive balance in unrestricted net assets, which is used to meet the County's ongoing obligations to citizens and creditors. There is a negative balance due to the \$7,840,000 general obligation bond issued in 2005, of which \$6,490,000 is outstanding at June 30, 2012. This was not issued for County assets; it was for a grant awarded to Le Mars Business Initiative Corporation to be used for economic development purposes (Wells Corporate Campus).

Governmental Activities – Governmental activities increased the County's net assets by \$5,917,528. Key elements of this increase are as follows:

Change in Net Assets of Governmental Activities

	2012	2011
Revenues:		
Program revenues:		
Charges for service and sales	\$1,529,393	\$ 1,418,762
Operating grants and contributions	7,026,358	6,230,029
Capital grants and contributions	5,404,678	4,402,764
General revenues:		
Property tax	\$9,879,140	\$ 8,844,151
Interest & penalty on taxes	63,172	78,080
State tax credits	269,820	271,796
Local Option Sales Tax	1,070,316	1,053,722
General Intergovernmental revenues	5,252	10,563
Unrestricted Investment Earnings	95,526	88,129
Gain on Sale of Assets	-	60,851
Miscellaneous	225,990	273,252
Total Revenues	<u>\$25,569,645</u>	<u>\$22,732,099</u>
Program expenses:		
Public safety and legal services	3,055,869	2,895,073
Physical health and social services	368,490	379,669
Mental health	2,157,216	1,993,823
County environment and education	795,062	770,142
Roads and transportation	8,381,994	7,753,038
Government services to residents	715,426	655,408
Administration	3,688,331	2,945,477
Non-program services	-	13,975
Interest on long-term debt	489,729	387,695
Total expenses	<u>\$19,652,117</u>	<u>\$17,794,330</u>
Change in net assets	5,917,528	4,937,769
Net assets - beginning	51,428,601	46,490,832
Net assets - ending	<u>\$57,346,129</u>	<u>\$51,428,601</u>

- Property tax revenue increased by \$1,034,989 in total due to various factors. Tax increment taxable valuations increased \$18,369,144 which resulted in an increase in revenue of approximately \$600,000. Property tax revenue in the general fund and rural services fund also increased approximately \$400,000 due to increased taxable valuations (\$60,620,089) and steady property tax levies.
- Capital grants and contributions increased primarily due to an increase in Farm to Market projects in the Secondary Roads fund.
- Operating grants and contributions increased primarily due to an increase in mental health state funding received in the current year.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Roads and transportation saw a greater increase due to increased costs and a few smaller repair projects. Administration expenses increased by \$742,854. Approximately \$600,000 of this increase was attributable to the City's share of TIF revenue collected in the Joint Urban Renewal fund and remitted to the City of Le Mars.

Individual Major Fund Analysis

As Plymouth County completed FY12, its budgetary governmental funds reported a combined fund balance of \$12,938,251. FY11 combined fund balances were \$4,748,228. This represents a total increase of \$8,190,023. This significant increase is the result of the issuance of \$6,455,000 GO crossover refunding bonds in FY12 which has inflated the fund balance when comparing to the prior year.

The General Fund, as the operating fund of Plymouth County, ended FY12 with a balance of \$1,584,139. The General Fund ending fund balance in FY11 was \$965,330. This represents an increase of \$618,809 which is due to an increase in revenue and cuts in spending. The General Fund balance is growing and it is a goal for FY13 budget to increase slightly to even a more healthy state.

The MH/DD Fund ended FY12 with a balance of \$31,979. The ending fund balance for FY11 was (\$33,611). This represents an increase of \$65,590. The MH/DD Fund is determined by state mandated formulas to set the maximum property tax dollars allowed. The entire Mental Health system in regards to funding and local control is being "overhauled" by the State of Iowa legislature, therefore future planning is difficult. The Mental Health system is moving towards grouping into regions for mental health administration and in order to offer consistent core services statewide.

The Rural Services Fund ended FY12 with a balance of \$938,483. The ending fund balance for FY11 was \$877,184. This represents a slight increase of \$61,299. The Rural Services fund balance increased primarily from an increase in property tax collection. The county is continuing to expense some County Sheriff deputy's expenses from the rural services fund in addition to others in the general basic fund.

The Secondary Road Fund ended FY12 with a balance of \$2,594,020. The ending fund balance for FY11 was \$1,494,255. This represents an increase of \$1,099,765. The increase is due to timing of projects within the construction program and a savings in snow removal expenses.

The Urban Renewal Fund ended FY12 with a balance of (\$809,046). The ending fund balance for FY11 was (\$905,548). This consists of the County's purchase of property known as "Winter Feed Lots", expenses the County incurred to grade and pave Key Ave. and the purchase of property known as Le Mars Industrial Park 2nd addition. The county intends to finance this deficit with future TIF revenues.

The Local Option Sales Tax Fund ended FY12 with a balance of \$1,490,532. The ending fund balance for FY11 was \$1,173,070. This represents an increase of \$317,462. The increase is attributed to less budgeted expenses in FY 12 compared to the projects in the past years.

BUDGETARY HIGHLIGHTS

Over the course of the year, Plymouth County amended its budget one time. The amendment was made June 5, 2012 and resulted in an increase in budgeted disbursements related to increased costs from increased additional conservation expenses, increased Mental Health fund expenses, a new snow removal pickup for the Law Enforcement Center, new jail control computer system upgrade, the Public Health Emergency Preparedness Grant, the Merrill 5th St. project in the Plymouth County Ethanol Urban Renewal Area, Le Mars School/ISL special election expenses, an increase in unemployment payout, increased liability insurance premiums, RCF fire damages and insurance claim, ECO Center costs and land acquisitions to 5 Ridge Prairie. There were some off-setting revenues for these expenses as well.

The County's total receipts on a cash basis for FY12 were \$20,846,668. The county budgeted \$20,559,147 as projected revenues, for a difference of and an increase of \$287,521; an increase of 1.3%.

Total cash disbursements were \$19,601,947 for FY12 with the budgeted expenses projected to be \$20,861,688, which was \$1,259,741 less than the amended budget. Actual disbursements for the public safety, administration, roads and transportation, county environment and education functions were \$80,431, \$702,834, \$320,983 and \$77,479 respectively, less than budgeted. This was primarily due to a decrease in anticipated costs and departments reducing spending.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY12, Plymouth County had approximately \$59.8 million invested in capital assets, net of accumulated depreciation. At the end of FY11, Plymouth County had approximately \$56.6 million invested in capital assets, net of accumulated depreciation.

Capital Assets of Governmental Activities at Year End		
	2012	2011
Land (capital asset not being depreciated)	\$2,220,185	\$ 1,930,951
Buildings and improvements	7,960,573	6,926,660
Equipment	3,833,325	4,051,799
Infrastructure	42,765,036	41,493,783
Construction in progress (capital asset not being depreciated)	3,073,757	2,181,259
Total Governmental Activities Capital Assets	\$59,852,876	56,584,392
Less: Total Capital Assets not being depreciated	5,293,942	4,112,210
Total Governmental Activities Capital Assets being depreciated, net	<u>\$54,558,934</u>	<u>\$ 52,472,182</u>

The County had a total accumulated depreciation on June 30, 2012 of \$36,620,599. Additional information on the County's capital assets can be found in Note 5 of the financial statements.

Long Term Debt

At the end of FY12 Plymouth County had total bonded indebtedness of \$15,405,000, including general obligation and GO local option sales tax refunding bonds.

	2012	2011
GO L.O.S.T. Refunding Bonds, Series 2010	\$ 2,460,000	\$ 2,910,000
GO Equipment Acquisition Note	-	200,000
Net Total of Debt Related to Capital Assets	<u>2,460,000</u>	<u>3,110,000</u>
GO Urban Renewal Bonds	6,490,000	6,860,000
GO Refunding Bonds	6,455,000	-
Net Total Outstanding Debt	<u>\$ 15,405,000</u>	<u>\$ 9,970,000</u>

Additional information on the County's long-term debt can be found in Note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Plymouth County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2013 budget, tax rates, and fees that finance the various County services. The tax rate for FY13 in the Rural Basic Fund remains constant, at the 3.95000 maximum levy and the General Basic Fund remains constant at maximum levy of 3.50000 in order to properly fund operations of this fund for FY13. The General Fund ended FY12 with a \$322,715 net increase in fund balance from FY11. (Plymouth County budgets on a cash basis, therefore, amounts in this budget section are also presented on a cash basis, while the rest of this report previously has been reported on an accrual basis.) The budget goal for the General Basic Fund is to help stabilize the General Fund Reserves by maintaining a minimum of \$1,000,000 fund balance. Plymouth County received an increase of \$62,182,202 of taxable valuation for FY13 from FY12, which increases the amount of property tax for the General Fund. The tax levy rate in the Debt Service Fund was reduced slightly to .06742 in FY13 from .06956 in FY12.

Plymouth County levy rate in the General Basic Supplemental fund was increased slightly to 0.22074 in FY13 from 0.22009 for FY12. This levy creates \$267,533 of tax which will be used to purchase the Counties tort liability insurance and assist in funding the EMA program.

These factors were taken into account when adopting the budget for fiscal year 2013. The amounts available for appropriation in the General Fund are approximately \$5,965,117 and the General Basic Supplemental Fund is \$283,983. The amounts available for appropriation in the Special Revenue Funds are approximately \$11,580,094. The amounts available for appropriation in the Debt Service Fund are \$778,691

If these estimates are realized, Plymouth County's General Fund FY13 balance is expected to maintain a slightly higher year-end balance than FY12. The Rural Fund balance is expected to maintain the about same in FY13 as FY12 due to increased revenues but also will be adding some sheriff deputy expenses to the rural fund.

CONTACTING THE COUNTY'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Plymouth County finances, and to show the County's accountability for the money it receives. This Management Discussion and Analysis was prepared by Auditor, Stacey Feldman. If you have any questions about this report or need additional information, contact:

Plymouth County Auditor's Office

Stacey Feldman – Plymouth County Auditor

**215 4th Ave. SW
Le Mars, Iowa, 51031
Phone: (712) 546-6100
Fax: (712) 546-5784**

PLYMOUTH COUNTY BOARD OF SUPERVISORS FOR FY 11-12:

Don Kass Jim Henrich Mark Loutsch Jack E. Guenther Craig Anderson

COUNTY OF PLYMOUTH, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities
ASSETS	
Cash and Pooled Investments	\$ 3,603,213
Receivables:	
Property Tax	30,429
Future Property Tax	10,728,248
Accrued Interest	9,507
Accounts	16,817
Due from Other Governmental Agencies	788,214
Note Receivable	1,177,241
Inventories	1,435,689
Prepaid Insurance	138,046
Bond Issue Costs	250,750
Restricted Assets:	
Cash and Pooled Investments	540,000
Investments	6,229,890
Land	2,220,185
Construction in Progress	3,073,757
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	54,558,934
Total Assets	<u>84,800,920</u>
LIABILITIES	
Accounts Payable	536,354
Due to Other Governmental Agencies	377,001
Deferred Revenue - Future Property Tax	10,728,248
Accrued Interest Payable	40,173
Salaries and Benefits Payable	89,770
Long Term Liabilities:	
Due Within One Year:	
GO Urban Renewal Bonds	6,490,000
GO L.O.S.T. Refunding Bonds	465,000
Compensated Absences	214,772
Due in More Than One Year:	
GO Refunding Bonds	6,455,000
GO L.O.S.T. Refunding Bonds	1,995,000
Premium on GO L.O.S.T Refunding Bonds	53,645
Net OPEB Liability	9,828
Total Liabilities	<u>27,454,791</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	57,339,231
Restricted for:	
Supplemental Levy Purposes	12,479
Rural Services Purposes	936,159
Debt Service Purposes	330,149
Mental Health Purposes	31,694
Secondary Roads Purposes	2,482,229
Local Option Sales Tax Purposes	1,490,532
Other Purposes	136,922
Unrestricted	(5,413,266)
Total Net Assets	<u>\$ 57,346,129</u>

See Accompanying Notes to Financial Statements

COUNTY OF PLYMOUTH, IOWA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues
		Charges for Services
Primary Government:		
Governmental Activities:		
Public safety and legal services	\$ 3,055,869	\$ 742,527
Physical health and social services	368,490	5,835
Mental health	2,157,216	-
County environment and education	795,062	163,804
Roads and transportation	8,381,994	129,571
Government services to residents	715,426	471,293
Administration	3,688,331	16,363
Debt Service	489,729	-
Total governmental activities	<u>\$ 19,652,117</u>	<u>\$ 1,529,393</u>

See Accompanying Notes to Financial Statements

Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Operating Grants Contributions	Capital Grants Contributions	Governmental Activities
\$ 51,270	\$ -	\$ (2,262,072)
164,674	-	(197,981)
1,827,967	-	(329,249)
25,321	396,560	(209,377)
4,720,236	5,008,118	1,475,931
19,586	-	(224,547)
3,767	-	(3,668,201)
213,537	-	(276,192)
<u>\$ 7,026,358</u>	<u>\$ 5,404,678</u>	<u>\$ (5,691,688)</u>

General Revenues:

Property and other county tax levied for:

General Purposes	9,782,393
Debt Service	96,747
Interest and penalties on taxes	63,172
State tax credits	269,820
Local option sales tax	1,070,316
General intergovernmental revenues	5,252
Interest	95,526
Miscellaneous	225,990

Total general revenues	<u>11,609,216</u>
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Change in net assets	5,917,528
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Net assets - beginning	<u>51,428,601</u>
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Net assets - ending	<u>\$ 57,346,129</u>
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COUNTY OF PLYMOUTH, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2012

	General	Mental Health	Rural Services
Assets			
Cash and Pooled Investments	\$ 304,566	\$ 394,290	\$ 900,056
Receivables:			
Property Tax	27,666	374	855
Future Property Tax	4,670,855	363,771	3,105,436
Accrued Interest	9,233	-	-
Accounts	15,476	-	-
Due from Other Funds	1,009,572	-	17,147
Due from Other Governmental Agencies	168,753	72,301	47,364
Note Receivable	-	-	-
Prepaid Insurance	138,046	-	-
Inventories	-	-	-
Restricted Assets:			
Cash and Pooled Investments	-	-	-
Investments	-	-	-
Total Assets	6,344,167	830,736	4,070,858
Liabilities and Equity			
Liabilities:			
Accounts Payable	44,997	70,849	10,201
Due to Other Funds	-	-	-
Due to Other Governmental Agencies	1,049	363,786	12,166
Deferred Revenue	26,071	351	855
Deferred Revenue - Future Property Tax	4,670,855	363,771	3,105,436
Salaries and Benefits Payable	17,056	-	3,717
Total Liabilities	4,760,028	798,757	3,132,375
Fund Balances:			
Nonspendable for:			
Inventories	-	-	-
Prepaid Insurance	138,046	-	-
Restricted for:			
Supplemental Levy Purposes	12,212	-	-
Mental Health Purposes	-	31,979	-
Rural Services Purposes	-	-	938,483
Secondary Road Purposes	-	-	-
Debt Service	-	-	-
Local Option Sales Tax Purposes	-	-	-
Other Purposes	-	-	-
Committed for:			
Revolving Loan	-	-	-
Assigned for:			
Technology Purposes	88,589	-	-
Attorney Collection Incentive	56,251	-	-
County Conservation Land Acquisition Trust	69,575	-	-
Unassigned	1,219,466	-	-
Total Fund Balances (Deficit)	1,584,139	31,979	938,483
Total Liabilities and Equity	\$ 6,344,167	\$ 830,736	\$ 4,070,858

See Accompanying Notes to Financial Statements

Secondary Roads	Joint Urban Renewal	Local Option Sales Tax	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 1,001,380	\$ 526,904	\$ 42,873	\$ 55,307	\$ 377,837	\$ 3,603,213
	1,431	-	103	-	30,429
-	1,906,622	-	101,500	580,064	10,728,248
-	236	-	22	16	9,507
-	-	-	-	1,341	16,817
278,950	-	1,286,008	-	-	2,591,677
321,681	-	178,115	-	-	788,214
-	958,270	-	-	218,971	1,177,241
-	-	-	-	-	138,046
1,435,689	-	-	-	-	1,435,689
-	-	-	540,000	-	540,000
-	-	-	6,229,890	-	6,229,890
3,037,700	3,393,463	1,506,996	6,926,822	1,178,229	27,288,971
374,683	-	16,464	-	19,160	536,354
-	2,295,580	-	-	296,097	2,591,677
-	-	-	-	-	377,001
-	307	-	86	-	27,670
-	1,906,622	-	101,500	580,064	10,728,248
68,997	-	-	-	-	89,770
443,680	4,202,509	16,464	101,586	895,321	14,350,720
1,435,689	-	-	-	-	1,435,689
-	-	-	-	-	138,046
-	-	-	-	-	12,212
-	-	-	-	-	31,979
-	-	-	-	-	938,483
1,158,331	-	-	-	-	1,158,331
-	-	-	6,825,236	-	6,825,236
-	-	1,490,532	-	-	1,490,532
-	-	-	-	136,922	136,922
-	-	-	-	460,929	460,929
-	-	-	-	-	88,589
-	-	-	-	-	56,251
-	-	-	-	-	69,575
-	(809,046)	-	-	(314,943)	95,477
2,594,020	(809,046)	1,490,532	6,825,236	282,908	12,938,251
\$ 3,037,700	\$ 3,393,463	\$ 1,506,996	\$ 6,926,822	\$ 1,178,229	\$ 27,288,971

See Accompanying Notes to Financial Statements

PLYMOUTH COUNTY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Amounts reported for governmental activities in the statement of net assets are different because:

Total Fund Balance - Governmental Funds (page 18)	\$ 12,938,251
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.	59,852,876
Deferred revenues from the balance sheet that provide current financial resources for governmental activities.	27,670
Accrued expenses from the balance sheet that require current financial resources for governmental activities.	(40,173)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.	250,750
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	

GO Urban Renewal Bonds	(6,490,000)	
GO Refunding Bonds	(6,455,000)	
L.O.S.T. Refunding Bonds	(2,460,000)	
Compensated Absences	(214,772)	
Premium on GO LOST Refunding Bonds	(53,645)	
Other postemployment benefits	(9,828)	(15,683,245)

Total Net Assets - Governmental Activities (page 14)	<u>\$ 57,346,129</u>
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COUNTY OF PLYMOUTH, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
Year Ended June 30, 2012

	General	Mental Health	Rural Services
Revenue:			
Property and other county taxes	\$ 4,300,448	\$ 343,925	\$ 2,786,867
Interest and penalties on taxes	63,172	-	-
Intergovernmental	782,358	1,839,962	124,297
Licenses and permits	-	-	17,800
Charges for services	1,101,242	-	7,700
Use of money and property	135,126	-	-
Miscellaneous	352,311	29,200	94
Total Revenue	6,734,657	2,213,087	2,936,758
Expenditures:			
Current operating:			
Public safety and legal services	2,726,530	-	334,889
Physical health and social services	336,847	-	17,987
Mental health	-	2,147,497	-
County environment and education	455,369	-	342,500
Roads and transportation	-	-	-
Government services to residents	698,446	-	-
Administration	1,772,081	-	30,083
Capital projects	438,958	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	6,428,231	2,147,497	725,459
Excess (deficiency) of revenues over expenditures	306,426	65,590	2,211,299
Other financing sources (uses):			
Transfers in	200,000	-	-
Transfers (out)	-	-	(2,150,000)
Issuance of Debt	98,000	-	-
Total other financing sources (uses)	298,000	-	(2,150,000)
Net Change in Fund Balances	604,426	65,590	61,299
Fund balances (deficits) - beginning of year	965,330	(33,611)	877,184
Increase (Decrease) in Reserve for:			
Prepaid Insurance	14,383	-	-
Inventory	-	-	-
Fund balances (deficits) - end of year	\$ 1,584,139	\$ 31,979	\$ 938,483

See Accompanying Notes to Financial Statements

Secondary Roads	Joint Urban Renewal	Local Option Sales Tax	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,850,277	-	\$ 96,745	\$ 498,917	\$ 9,877,179
-	-	-	-	-	63,172
4,912,126	-	1,074,083	216,424	23,685	8,972,935
-	-	-	-	-	17,800
-	-	-	-	6,623	1,115,565
39,914	4,381	-	21,053	7,128	207,602
96,846	-	-	-	18,277	496,728
5,048,886	1,854,658	1,074,083	334,222	554,630	20,750,981
-	-	-	-	10,204	3,071,623
-	-	-	-	10,025	364,859
-	-	-	-	-	2,147,497
-	-	-	-	1,339	799,208
6,164,804	-	-	-	80,858	6,245,662
-	-	-	-	12,464	710,910
-	1,119,670	343,347	-	461,906	3,727,087
701,309	-	-	-	-	1,140,267
-	-	-	918,000	-	918,000
-	-	-	591,270	-	591,270
6,866,113	1,119,670	343,347	1,509,270	576,796	19,716,383
(1,817,227)	734,988	730,736	(1,175,048)	(22,166)	1,034,598
2,528,950	-	-	962,174	-	3,691,124
(200,000)	(648,900)	(413,274)	-	(278,950)	(3,691,124)
-	10,414	-	6,444,586	-	6,553,000
2,328,950	(638,486)	(413,274)	7,406,760	(278,950)	6,553,000
511,723	96,502	317,462	6,231,712	(301,116)	7,587,598
1,494,255	(905,548)	1,173,070	593,524	584,024	4,748,228
-	-	-	-	-	14,383
588,042	-	-	-	-	588,042
\$ 2,594,020	\$ (809,046)	\$ 1,490,532	\$ 6,825,236	\$ 282,908	\$ 12,938,251

See Accompanying Notes to Financial Statements

COUNTY OF PLYMOUTH, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 21)		\$ 7,587,598
<p>Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current year as follows:</p>		
Expenditures for capital assets	6,226,076	
Depreciation Expense	<u>(2,957,592)</u>	3,268,484
Revenues reported in the funds that are available to provide current financial resources		1,961
Accrued interest expense that does not require current financial resources		(6,948)
Inventories and insurance in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding asset is exhausted.		602,425
The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		97,578
Compensated absences that require current financial resources.		(3,559)
Proceeds from issuance of long-term debt		(6,553,000)
The effect of bond premium when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		10,911
The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:		918,000
Other postemployment benefits that do not require current financial resources		<u>(5,922)</u>
Change in net assets of governmental activities (page 16)		<u><u>\$ 5,917,528</u></u>

COUNTY OF PLYMOUTH, IOWA
STATEMENT OF FIDUCIARY NET ASSETS
Fiduciary Funds - Agency Funds
JUNE 30, 2012

ASSETS

Cash and Pooled Investments	\$	2,175,077
Receivables:		
Property Tax		36,879
Future Property Tax		30,206,789
Assessments		84,575
Accounts		19,883
Accrued Interest		201
Due from Other Governments		40,628
Total Assets		<u><u>32,564,032</u></u>

LIABILITIES

Accounts Payable		7,597
Due to Other Governments		32,552,706
Compensated Absences		3,729
Total Liabilities	\$	<u><u>32,564,032</u></u>

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies

The County of Plymouth, Iowa (the County) is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Recorder, Treasurer, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's Financial Statements are prepared in accordance with the U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. The more significant accounting policies established by GAAP and used by the County are discussed below.

A. Reporting Entity

For financial reporting purposes, the County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. Plymouth County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Plymouth County Assessor's Conference Board, Plymouth County and Municipal Joint Disaster Services Commission, and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported as Agency Funds of the County.

B. Basic Financial Statements – Government-Wide Statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental. The County has no business-type activities. The County's Public Safety and Legal Services, Physical Health and Social Services, County Environment and Education, and Government Services to Residents are classified as governmental activities.

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County. In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies

assets, net of related debt; restricted net assets; and unrestricted net assets. The County first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (administration, law enforcement, courts, roads, etc.). The functions are also supported by general government revenues (property taxes, fines, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided; eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

C. Basis of Presentation - Fund Accounting

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds. Nonmajor funds are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The County electively added funds, as major funds, which had a specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports the following major governmental funds.

- 1) General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

- 2) Special Revenue Funds

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting (Continued)

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

The Local Option Sales Tax Fund is used to account for the revenues from the tax authorized by referendum and used for county infrastructure and county improvements.

The Joint Urban Renewal Fund is used to account for the TIF dollars that will be generated by a new TIF district established in Plymouth County.

- 3) Debt Service Fund - The Debt Service Fund is used to account for the payment of interest and principal on the County's general long-term debt.

Fiduciary Fund Types - Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support County programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide statements.

The agency funds of the County account for the property taxes levied by political subdivisions within the county, collections of those amounts by the county, and the remittance of the collected amounts to the subdivisions.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual accounting is used for all activities in the government-wide financial statements and for the fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A 60-day availability period is used for revenue recognition for all other governmental fund revenues with the exception of expenditure-driven grants. A one-year availability period is used for expenditure-driven grants.

Expenditures are recorded when the related fund liability is incurred. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when the payment is due.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid either using restricted or unrestricted resources, it is the County's policy to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned, and then unassigned fund balances

- E. Budgets – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, disbursements exceeded the amounts budgeted in the capital projects and debt service functions.
- F. Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. The County has defined cash and cash equivalents to include cash on hand and demand deposits. In addition, each fund's equity in the county's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. The County uses the following method in determining the reported amounts:

<u>Type</u>	<u>Method</u>
Certificates of Deposit	Cost
Iowa Public Agency Investment Trust	Fair value determined by current share price
U.S. Treasury Notes, State and Local Government Series	Fair value determined based on quoted market value

- G. Property Tax Receivable - The County's property tax rates were extended against the assessed valuation of the County as of January 1, 2010 to compute the amounts for the accrual period July 1, 2011 to June 30, 2012. These taxes were due and payable in two installments on September 30, 2011 and March 31, 2012 at the County Treasurer's Office. Property tax receivable represents taxes that are due and payable but have not been collected.
- H. Future Property Taxes Receivable – This represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting (Continued)

Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied. For agency funds, as no revenues are recorded, the amounts are reflected as being due to other governments.

- I. Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represents assessments, which are due and payable in the next year but have not been collected and are recorded in a fiduciary fund of the County.
- J. Due to/from Other Funds – During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.
- K. Due to/from Other Governments - Due to/from other governments represents state tax credits due from the State of Iowa, various shared revenues, grants, and reimbursements receivable and taxes and other revenues collected by the County which will be remitted to other governments.
- L. Inventories - Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Reported inventories in the fund financial statements are equally offset by a nonspendable fund balance which indicates that they are not available to liquidate current obligations.
- M. Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$5,000 for equipment, \$25,000 for land and buildings, and \$65,000 for infrastructure.

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings and Structures	10 - 75 Years
Infrastructure	10 - 65 Years
Machinery and Equipment	5 - 20 Years

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting (Continued)

- N. Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable not collected within sixty days after year-end.
- O. Landfill – The County participates in a 28E agreement with Plymouth County Solid Waste Agency and therefore, is not required to account for landfill post closure costs.
- P. Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements and includes the related employee benefits. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absence liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absence liability attributable to the governmental activities will be paid primarily by General and Secondary Roads Funds.
- Q. Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Premiums and discounts on new debt issued are reported as an other financing source or use.

- R. Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resource are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting (Continued)

Committed – Amounts which can be used for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

Note 2 - Deposits and Pooled Investments

The County's deposits at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County has non-negotiable certificates of deposits as of June 30, 2012 with various maturities extending no later than February, 2016.

At June 30, 2012 the County had the following investments meeting the disclosure requirement of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

	Credit Risk	Fair Value	Maturity
IPAIT	AAA	\$ 94,116	N/A
U.S. Treasury Notes	Not Applicable	\$ 6,229,890	Various

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at fair value. IPAIT was created pursuant to Iowa Code Chapter 28E and is registered with the Securities and Exchange Commission (SEC) in accordance with 17 C.F.R. Section 270.2a-7.

Custodial Credit Risk: The County has no policy in place regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

Interest rate risk: The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 3 - Notes Receivable

Plymouth County Revolving Loan Fund – During the year ended June 30, 2007 the Plymouth County Revolving Loan Fund was created. The purpose of the fund is to promote economic development in Plymouth County. During the year ended June 30, 2012, the County made no contributions to the Plymouth County Revolving Loan Fund. The County records the loan activity of this fund as a Special Revenue Fund.

The proceeds from the businesses remain in the Plymouth County Revolving Loan Fund for future loans to other businesses. Loan repayments totaled \$27,249 during the year ended June 30, 2012. The County has two loans outstanding that are secured by personal guarantees of the business owners. The loan balance as of June 30, 2012 totals \$218,971.

Note 4 - Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2012 is as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>	
General Basic	Joint Urban Renewal	\$ 1,009,572	*
Local Option Sales Tax	Joint Urban Renewal	1,286,008	*
Rural Services	Plymouth County Ethanol Urban Renewal	17,147	*
Secondary Roads	Plymouth County Ethanol Urban Renewal	278,950	**
		<u>\$ 2,591,677</u>	

* The purpose of these interfund balances is to finance short-term cash flow shortages.

** The purpose of this interfund balance is to record a short-term interfund loan for TIF project costs paid by the Secondary Roads Fund.

Note 5 - Capital Assets

A summary of changes in capital assets is as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,930,951	\$ 289,234	\$ -	\$ 2,220,185
Construction in Progress	2,181,259	5,618,340	4,725,842	3,073,757
Total capital assets not being depreciated	4,112,210	5,907,574	4,725,842	5,293,942
Capital assets being depreciated:				
Buildings	8,426,206	1,229,036	-	9,655,242
Equipment	8,288,708	229,285	68,266	8,449,727
Infrastructure	69,480,541	3,594,023	-	73,074,564
Total capital assets being depreciated	86,195,455	5,052,344	68,266	91,179,533
Less accumulated depreciation for:				
Buildings	1,499,606	195,063	-	1,694,669
Equipment	4,236,909	439,759	60,266	4,616,402
Infrastructure	27,986,758	2,322,770	-	30,309,528
Total accumulated depreciation	33,723,273	2,957,592	60,266	36,620,599
Total capital assets being depreciated, net	52,472,182	2,094,752	8,000	54,558,934
Governmental activities capital assets, net	\$ 56,584,392	\$ 8,002,326	\$ 4,733,842	\$ 59,852,876

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to the functions as follows:

Public safety and legal services	\$ 58,350
Physical health and social services	3,434
Mental health	9,325
County environment and education	28,474
Roads and transportation	2,666,465
Government services to residents	810
Administration	190,734
	<u>\$ 2,957,592</u>

Reconciliation of Invested in Capital Assets:

	Governmental Activities
Land	\$ 2,220,185
Construction in Progress	3,073,757
Capital Assets (net of accumulated depreciation)	54,558,934
Less: GO L.O.S.T. Refunding Bonds	(2,460,000)
Less: Premium on GO L.O.S.T. Refunding Bonds	(53,645)
Invested in Capital Assets, Net of Related Debt	<u>\$ 57,339,231</u>

Note 6 - Long-Term Liabilities

The County's computed legal debt limit as of June 30, 2012, is \$111,031,187 of which \$9,305,000 is committed for outstanding general obligation bonds.

The following is a summary of changes in long-term liability for the year ended June 30, 2012:

	GO Urban Renewal Bonds	GO L.O.S.T. Refunding Bonds	GO Refunding Bonds	General County Purpose Bond	Compensated Absences	Other Post- Employment Benefits	Total
Balance Beginning of Year	\$ 6,860,000	\$ 2,910,000	\$ -	\$ -	\$ 211,213	\$ 3,906	\$ 9,985,119
Increases	-	-	6,455,000	98,000	214,772	5,922	6,773,694
Decreases	370,000	450,000	-	98,000	211,213	-	1,129,213
Balance End of Year	<u>\$ 6,490,000</u>	<u>\$ 2,460,000</u>	<u>\$ 6,455,000</u>	<u>\$ -</u>	<u>\$ 214,772</u>	<u>\$ 9,828</u>	<u>\$ 15,629,600</u>
Due Within One Year	\$ 6,490,000	\$ 465,000	\$ -	\$ -	\$ 214,772	\$ -	\$ 7,169,772

Bonds Payable

A summary of the County's June 30, 2012 general obligation and local option sales tax bond indebtedness is as follows:

	Date Of Issue	Interest Rates	Annual Payments	Amount Originally Issued	Outstanding June 30, 2012
<i>General Obligation</i>					
<i>Urban Renewal Bonds:</i>					
Series 2005A	2005	3.65 – 4.40%	\$390,000 - \$630,000	\$7,840,000	\$ 6,490,000
<i>GO Local Option Sales Tax Refunding:</i>					
Series 2010	2010	2.45 – 3.0%	\$465,000 - \$520,000	\$3,355,000	2,460,000
<i>General Obligation Refunding Bonds:</i>					
Series 2011	2011	.8 – 3.45%	\$385,000 - \$620,000	\$6,455,000	6,455,000
					<u>\$15,405,000</u>

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 6 - Long-Term Liabilities (Continued)

In June 2010, the County issued \$3,355,000 of General Obligation Local Option Sales Tax Refunding Bonds in an advance refunding of the 2002 L.O.S.T. Revenue Bonds. The 2010 bonds have an average interest rate of 2.82%. The net proceeds from this issuance were used to purchase U.S. government securities and were deposited in an escrow account with Bankers Trust Company. As of June 30, 2012, the amount in escrow was \$2,355,330. This amount will be used to refund the remaining \$2,305,000 on December 1, 2012 when the notes become callable. As a result, the County will reduce its debt service payments over the next fifteen years by \$8,282 and obtain an economic gain of \$6,769.

On August 23, 2011 the County issued \$6,455,000 of General Obligation Refunding Bonds, Series 2011 in a crossover advance refunding of the Series 2005 GO Urban Renewal Bonds. The 2012 bonds have an average interest rate of 2.6% and the 2005 bonds being refunded have an average rate of 4.2%. The net proceeds from the issuance were used to purchase U.S. government securities and were deposited in an escrow account with Bankers Trust Company. As of June 30, 2012 the amount in escrow was \$6,229,890. This amount will be used to refund the remaining \$6,100,000 of the 2005 bonds on June 1, 2013 when these notes become callable. The assets deposited with the escrow agent are shown as a restricted asset in the County's Debt Service Fund. As a result of this refunding, the County will reduce its debt service payments over the next twelve years by \$312,137, and obtain an economic gain of \$231,098.

The County also issued a \$98,000 general county purpose bond on March 30, 2012 which was repaid by the debt service fund on April 17, 2012. The proceeds were used to finance capital acquisitions of the County.

Notes Payable

The County issued a \$200,000 General Obligation Equipment Acquisition Note on February 2, 2011 for the purchase of a motor grader. The note was at 2.5% interest and matured November 1, 2011.

Balance Beginning of Year	\$ 200,000
Increases	-
Decreases	<u>200,000</u>
Balance End of Year	<u><u>\$ -</u></u>

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 6 - Long-Term Liabilities (Continued)

The annual requirements to amortize all bonds outstanding as of June 30, 2012, are as follows:

Fiscal Year	GO Urban Renewal Principal	GO L.O.S.T. Refunding Bonds Principal	Go Refunding Principal	Interest	Total
2013	\$ 6,490,000	\$ 465,000	\$ -	\$ 475,105	\$ 7,430,105
2014	-	480,000	505,000	195,415	1,180,415
2015	-	490,000	510,000	176,825	1,176,825
2016	-	505,000	520,000	157,934	1,182,934
2017	-	520,000	525,000	137,188	1,182,188
2018-2022	-	-	2,785,000	482,755	3,267,755
2023-2025	-	-	1,610,000	99,220	1,709,220
	<u>\$ 6,490,000</u>	<u>\$ 2,460,000</u>	<u>\$ 6,455,000</u>	<u>\$ 1,724,442</u>	<u>\$ 17,129,442</u>

\$6,825,236 is available to service the General Obligation and GO L.O.S.T. Refunding Bonds. The general obligation bonds are to be retired through property tax levies. The Local Sales Tax Refunding Bonds are to be retired through local option sales tax revenue and contributions from surrounding communities pursuant to a 28E agreement.

There are a number of limitations and restrictions contained in the various bond indentures creating certain reserve and sinking funds to insure repayment of the revenue bonds. A summary of the fund requirements is as follows:

Special Revenue	Type of Account	Required Balance June 30, 2012	Actual Balance June 30, 2012
Jail Bond Sinking Fund	Sinking Fund	\$ 528,008	\$ 540,000*

*Amounts are classified as restricted assets on the combined balance sheet.

Note 7 - Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

	Rural Services	Secondary Roads	Local Option Sales Tax	Joint Urban Renewal	Plymouth County Ethanol Urban Renewal	Total Transfer In:
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Secondary Roads	2,150,000	200,000	100,000	-	278,950	2,528,950
Debt Service	-	-	313,274	648,900	-	962,174
Transfer Out:	<u>\$2,150,000</u>	<u>\$ 200,000</u>	<u>\$ 413,274</u>	<u>\$ 648,900</u>	<u>\$ 278,950</u>	<u>\$ 3,691,124</u>

Transfers are used to:

1. Move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.
2. Move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 8 - Risk Management

Plymouth County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 663 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each members' annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2012 were \$244,314.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Traveler's Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2012, no liability has been recorded in the County's financial statements. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 8 - Risk Management (Continued)

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

Note 9 - Pension and Retirement

Iowa Public Employees Retirement System – The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by the state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA 50306-9117.

Most regular plan members are required to contribute 5.38% of their annual covered salary and the County is required to contribute 8.07% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially defined contribution rate. Contribution requirements are established by state statute. The County contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$429,951, \$375,339, and \$345,743, respectively, equal to the required contributions for each year.

Note 10 - Other Postemployment Benefits (OPEB)

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 103 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a medical plan administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 10 - Postemployment Benefits (OPEB) (Continued)

determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 6,976
Interest on net OPEB obligation	176
Adjustment to annual required contribution	(240)
Annual OPEB cost	6,912
Contributions made	(990)
Increase in net OPEB obligation	5,922
Net OPEB obligation beginning of year	3,906
Net OPEB obligation end of year	\$ 9,828

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 6,912	14.3%	\$ 9,828
June 30, 2011	\$ 6,915	81.17%	\$ 3,906
June 30, 2010	\$ 6,915	81.17%	\$ 2,604
June 30, 2009	\$ 6,915	81.17%	\$ 1,302

Funded Status and Funding Progress. As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$66,541, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$66,541. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,530,000 and the ratio of the UAAL to covered payroll was 1.47%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 10 - Postemployment Benefits (OPEB) (Continued)

plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table. Annual retirement and termination probabilities were based on 25% for actives currently electing coverage beginning at age 55 and 0% for actives currently waiving coverage.

Projected claim costs of the medical plan are \$1,005 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 11 - 28E Agreement

During the year ended June 30, 2002, the County entered into several 28E Agreements with the communities in the County to contribute funds for the construction of a County jail from local option sales tax proceeds. The communities agreed to contribute a total of \$3,236,020 through November 2016. As of June 30, 2012, the communities have made payments totaling \$2,163,839. In August 2010, the communities agreed on a new 28E repayment schedule due to the issuance of the LOST refunding bonds which reduced the future bond payments. The new agreement reduced the payments remaining from the area communities from \$1,499,589 to \$1,495,292 with the final payments due December 1, 2016.

Note 12 - Contingencies

The County receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2012, the County estimates that no material liabilities will result from such audits.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2012

Note 13 - Commitments

The County has entered into construction contracts totaling \$1,519,090 for bridge and roadway construction. As of June 30, 2012, \$376,293 had been incurred against the contract. The balance of \$1,142,797 will be paid as work on the project progresses.

Note 14 - Deficit Fund Balances

The County has two funds with deficit fund balances at June 30, 2012. The County intends to finance the deficits in the Urban Renewal funds with future TIF revenues.

The fund deficits were as follows:

Special Revenue – Joint Urban Renewal	\$ 809,046
Special Revenue – Plymouth County Ethanol Urban Renewal	\$ 314,943

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF PLYMOUTH, IOWA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL - ALL GOVERNMENTAL FUNDS (BUDGETARY BASIS)
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Revenue:				
Property and other county taxes	\$10,865,168	\$10,899,168	\$ 10,947,397	\$ 48,229
Interest and penalties on taxes	48,000	48,000	65,368	17,368
Intergovernmental	6,873,476	7,725,382	8,185,495	460,113
Licenses and permits	19,650	19,650	26,220	6,570
Charges for services	1,072,125	1,125,325	1,124,195	(1,130)
Use of money and property	178,120	282,120	282,580	460
Miscellaneous	343,900	459,502	215,413	(244,089)
Total Revenue	19,400,439	20,559,147	20,846,668	287,521
Expenditures:				
Current operating:				
Public safety and legal services	3,061,137	3,129,199	3,048,768	80,431
Physical health and social services	357,557	372,327	345,848	26,479
Mental Health	1,501,235	2,061,457	2,028,870	32,587
County environment and education	948,228	948,228	870,749	77,479
Roads and transportation	6,306,000	6,371,000	6,050,017	320,983
Government services to residents	738,520	746,455	710,310	36,145
Administration	4,510,669	4,614,303	3,911,469	702,834
Non-program services	-	257,989	-	257,989
Debt service	1,481,950	1,481,950	1,712,475	(230,525)
Capital projects	878,780	878,780	923,441	(44,661)
Total Expenditures	19,784,076	20,861,688	19,601,947	1,259,741
Excess (Deficiency) of revenues over expenditures	(383,637)	(302,541)	1,244,721	1,547,262
Other financing sources (uses):				
Transfers in	3,128,500	3,227,965	3,412,174	184,209
Transfers out	(3,128,500)	(3,227,965)	(3,412,174)	(184,209)
Proceeds from issuance of debt	98,000	98,000	6,553,000	6,455,000
Total other financing sources (uses)	98,000	98,000	6,553,000	6,455,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (285,637)</u>	<u>\$ (204,541)</u>	7,797,721	<u>\$ 8,002,262</u>
Balance beginning of year			2,612,285	
Balance end of year			<u>\$ 10,410,006</u>	

COUNTY OF PLYMOUTH, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2012

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized in the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,077,612. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2012, disbursements exceeded the amounts budgeted in the debt service and capital projects functions.

COUNTY OF PLYMOUTH, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2012

As noted previously, the actual results of operations are presented in accordance with U.S. generally accepted accounting principles which differ in certain respects from those practices used in the preparation of the 2011-12 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the County's budgeted expenditures. The adjustments required to convert the expenses to cash basis at the end of year are as follows:

	Governmental Funds		
		Total	
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 20,846,668	\$ (95,687)	\$ 20,750,981
Expenditures	19,601,947	114,436	19,716,383
Net	1,244,721	(210,123)	1,034,598
Other Financing Sources	6,553,000	-	6,553,000
Beginning Fund Balance	2,612,285	2,135,943	4,748,228
Increase in Reserve for Inventory	-	588,042	588,042
Increase in Reserve for Prepaid Insurance	-	14,383	14,383
Ending Fund Balance	<u>\$ 10,410,006</u>	<u>\$ 2,528,245</u>	<u>\$ 12,938,251</u>

PLYMOUTH COUNTY
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	\$ 59,051	\$ 59,051	0.00%	\$4,385,000	1.34%
2010	July 1, 2008	-	\$ 59,051	\$ 59,051	0.00%	\$4,675,000	1.26%
2011	July 1, 2008	-	\$ 59,051	\$ 59,051	0.00%	\$4,675,000	1.26%
2012	July 1, 2011	-	\$ 66,541	\$ 66,541	0.00%	\$4,530,000	1.47%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF PLYMOUTH, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2012

	Special Revenue Funds		
	Revolving Loan Fund	Veteran Affairs County Grant	Recorder's Records Management Fund
Assets			
Cash and Pooled Investments	\$ 241,958	\$ 1,578	\$ 27,899
Receivables:			
Future Property Tax	-	-	-
Accrued Interest	-	-	11
Accounts	-	-	519
Note Receivable	218,971	-	-
Total Assets	460,929	1,578	28,429
Liabilities and Equity			
Liabilities:			
Accounts Payable	-	-	-
Due to Other Funds	-	-	-
Deferred Revenue - Future Property Tax	-	-	-
Total Liabilities	-	-	-
Fund Balances:			
Restricted for:			
Other Purposes	-	1,578	28,429
Committed for:			
Revolving Loan	460,929	-	-
Unassigned	-	-	-
Total Fund Balances	460,929	1,578	28,429
Total Liabilities and Equity	\$ 460,929	\$ 1,578	\$ 28,429

Special Revenue Funds				
REAP	Forfeiture Fund	Plymouth County Ethanol Urban Renewal	Total	
\$ 14,209	\$ 92,193	-	\$	377,837
-	-	580,064		580,064
3	2	-		16
-	822	-		1,341
-	-	-		218,971
14,212	93,017	580,064		1,178,229
-	314	18,846		19,160
-	-	296,097		296,097
-	-	580,064		580,064
-	314	895,007		895,321
14,212	92,703	-		136,922
-	-	-		460,929
-	-	(314,943)		(314,943)
14,212	92,703	(314,943)		282,908
\$ 14,212	\$ 93,017	\$ 580,064	\$	1,178,229

COUNTY OF PLYMOUTH, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
YEAR ENDED JUNE 30, 2012

	Special Revenue Funds		
	Revolving Loan Fund	Veteran Affairs County Grant	Recorder's Records Management Fund
Revenue:			
Property and other county taxes	\$ -	\$ -	\$ -
Intergovernmental	-	10,000	-
Charges for services	-	-	6,623
Use of money and property	6,943	-	146
Miscellaneous	-	-	-
Total Revenue	6,943	10,000	6,769
Expenditures:			
Current operating:			
Public safety and legal services	-	-	-
Physical health and social services	-	10,025	-
County environment and education	-	-	-
Roads and transportation	-	-	-
Government services to residents	-	-	12,464
Administration	-	-	-
Total Expenditures	-	10,025	12,464
Excess (Deficiency) of revenues over expenditures	6,943	(25)	(5,695)
Other financing sources (uses):			
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	6,943	(25)	(5,695)
Fund balances - beginning of year	453,986	1,603	34,124
Fund balances (Deficits) - end of year	\$ 460,929	\$ 1,578	\$ 28,429

Special Revenue Funds				
REAP	Forfeiture Fund	Plymouth County Ethanol Urban Renewal	Total	
\$ -	\$ -	\$ 498,917	\$	498,917
13,685	-	-		23,685
-	-	-		6,623
21	18	-		7,128
-	18,277	-		18,277
13,706	18,295	498,917		554,630
-	10,204	-		10,204
-	-	-		10,025
-	1,339	-		1,339
-	-	80,858		80,858
-	-	-		12,464
-	-	461,906		461,906
-	11,543	542,764		576,796
13,706	6,752	(43,847)		(22,166)
-	-	(278,950)		(278,950)
-	-	(278,950)		(278,950)
13,706	6,752	(322,797)		(301,116)
506	65,951	7,854		584,024
\$ 14,212	\$ 92,703	\$ (314,943)	\$	282,908

COUNTY OF PLYMOUTH, IOWA
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
Agency Funds
JUNE 30, 2012

	County Recorder	County Sheriff	Ag Extension Education	County Assessor
ASSETS				
Cash and Pooled Investments	\$ 60,180	\$ 94,462	\$ 2,174	\$ 387,495
Receivables:				
Property Tax	-	-	213	472
Future Property Tax	-	-	207,000	459,411
Assessments	-	-	-	-
Accounts	120	-	-	-
Accrued Interest	-	-	-	118
Due from Other Governments	-	-	-	-
Total Assets	60,300	94,462	209,387	847,496
LIABILITIES				
Accounts Payable	-	1,022	-	4,146
Due to Other Governments	60,300	93,440	209,387	840,592
Compensated Absences	-	-	-	2,758
Total Liabilities	\$ 60,300	\$ 94,462	\$ 209,387	\$ 847,496

Schools	Area Schools	Corporations	Townships	City Special Assessments
\$ 186,145	\$ 10,005	\$ 96,712	\$ 4,087	\$ 2,221
16,634	1,006	18,451	99	-
17,319,000	975,047	10,868,974	373,216	-
-	-	-	-	54,195
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
17,521,779	986,058	10,984,137	377,402	56,416
-	-	-	-	-
17,521,779	986,058	10,984,137	377,402	56,416
-	-	-	-	-
\$ 17,521,779	\$ 986,058	\$ 10,984,137	\$ 377,402	\$ 56,416

COUNTY OF PLYMOUTH, IOWA
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS (Continued)
Agency Funds
JUNE 30, 2012

	Auto License-Use Tax	Joint Disaster	Brucellosis & Tuberculosis Eradication
ASSETS			
Cash and Pooled Investments	\$ 651,254	\$ 65,034	\$ 41
Receivables:			
Property Tax	-	-	4
Future Property Tax	-	-	4,141
Assessments	-	-	-
Accounts	-	-	-
Accrued Interest	-	-	-
Due from Other Governments	-	28,425	-
Total Assets	<u>651,254</u>	<u>93,459</u>	<u>4,186</u>
LIABILITIES			
Accounts Payable	-	1,665	-
Due to Other Governments	651,254	90,823	4,186
Compensated Absences	-	971	-
Total Liabilities	<u>\$ 651,254</u>	<u>\$ 93,459</u>	<u>\$ 4,186</u>

Tax Redemption	Emergency 911	Future Tax Payment	Recorder's Electronic Fee Fund	Drainage Districts	Total
\$ 27,265	\$ 467,878	\$ 102,219	\$ 541	\$ 17,364	\$ 2,175,077
-	-	-	-	-	36,879
-	-	-	-	-	30,206,789
-	-	-	-	30,380	84,575
-	19,244	-	519	-	19,883
-	83	-	-	-	201
-	12,203	-	-	-	40,628
27,265	499,408	102,219	1,060	47,744	32,564,032
-	764	-	-	-	7,597
27,265	498,644	102,219	1,060	47,744	32,552,706
-	-	-	-	-	3,729
\$ 27,265	\$ 499,408	\$ 102,219	\$ 1,060	\$ 47,744	\$ 32,564,032

COUNTY OF PLYMOUTH, IOWA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Agency Funds
Year Ended June 30, 2012

	Balance June 30, 2011	Addi- tions	Deduc- tions	Balance June 30, 2012
County Recorder				
<i>Assets</i>				
Cash and Pooled Investments	\$ 49,026	\$ 454,013	\$ 442,859	\$ 60,180
Accounts Receivable	24	1,097	1,001	120
Total Assets	<u>49,050</u>	<u>455,110</u>	<u>443,860</u>	<u>60,300</u>
<i>Liabilities</i>				
Due to Other Governments	49,050	455,110	443,860	60,300
Total Liabilities	<u>49,050</u>	<u>455,110</u>	<u>443,860</u>	<u>60,300</u>
County Sheriff				
<i>Assets</i>				
Cash and Pooled Investments	31,187	453,535	390,260	94,462
Total Assets	<u>31,187</u>	<u>453,535</u>	<u>390,260</u>	<u>94,462</u>
<i>Liabilities</i>				
Account Payable	2,210	64,392	65,580	1,022
Due to Other Governments	28,977	389,143	324,680	93,440
Total Liabilities	<u>31,187</u>	<u>453,535</u>	<u>390,260</u>	<u>94,462</u>
Agricultural Extension Education				
<i>Assets</i>				
Cash and Pooled Investments	2,216	201,481	201,523	2,174
Property Tax Receivable	231	213	231	213
Future Property Tax Receivable	201,000	207,000	201,000	207,000
Total Assets	<u>203,447</u>	<u>408,694</u>	<u>402,754</u>	<u>209,387</u>
<i>Liabilities</i>				
Due to Other Governments	203,447	408,694	402,754	209,387
Total Liabilities	<u>203,447</u>	<u>408,694</u>	<u>402,754</u>	<u>209,387</u>
County Assessor				
<i>Assets</i>				
Cash and Pooled Investments	331,416	513,109	457,030	387,495
Property Tax Receivable	585	472	585	472
Future Property Tax Receivable	509,933	459,411	509,933	459,411
Accrued Interest	120	118	120	118
Total Assets	<u>842,054</u>	<u>973,110</u>	<u>967,668</u>	<u>847,496</u>
<i>Liabilities</i>				
Accounts Payable	2,914	4,146	2,914	4,146
Compensated Absences	1,822	2,758	1,822	2,758
Salaries & Benefits Payable	-	-	-	-
Due to Other Governments	837,318	966,206	962,932	840,592
Total Liabilities	<u>\$ 842,054</u>	<u>\$ 973,110</u>	<u>\$ 967,668</u>	<u>\$ 847,496</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
Agency Funds
Year Ended June 30, 2012

	Balance June 30, 2011	Addi- tions	Deduc- tions	Balance June 30, 2012
Schools				
Assets				
Cash and Pooled Investments	\$ 190,141	\$ 17,260,198	\$ 17,264,194	\$ 186,145
Property Tax Receivable	18,640	16,634	18,640	16,634
Future Property Tax Receivable	17,225,541	17,319,000	17,225,541	17,319,000
Total Assets	<u>17,434,322</u>	<u>34,595,832</u>	<u>34,508,375</u>	<u>17,521,779</u>
Liabilities				
Due to Other Governments	<u>17,434,322</u>	<u>34,595,832</u>	<u>34,508,375</u>	<u>17,521,779</u>
Total Liabilities	<u>17,434,322</u>	<u>34,595,832</u>	<u>34,508,375</u>	<u>17,521,779</u>
Area Schools				
Assets				
Cash and Pooled Investments	10,465	929,305	929,765	10,005
Property Tax Receivable	1,065	1,006	1,065	1,006
Future Property Tax Receivable	927,104	975,047	927,104	975,047
Total Assets	<u>938,634</u>	<u>1,905,358</u>	<u>1,857,934</u>	<u>986,058</u>
Liabilities				
Due to Other Governments	<u>938,634</u>	<u>1,905,358</u>	<u>1,857,934</u>	<u>986,058</u>
Total Liabilities	<u>938,634</u>	<u>1,905,358</u>	<u>1,857,934</u>	<u>986,058</u>
Corporations				
Assets				
Cash and Pooled Investments	79,496	10,600,993	10,583,777	96,712
Property Tax Receivable	17,610	18,451	17,610	18,451
Future Property Tax Receivable	10,590,297	10,868,974	10,590,297	10,868,974
Total Assets	<u>10,687,403</u>	<u>21,488,418</u>	<u>21,191,684</u>	<u>10,984,137</u>
Liabilities				
Due to Other Governments	<u>10,687,403</u>	<u>21,488,418</u>	<u>21,191,684</u>	<u>10,984,137</u>
Total Liabilities	<u>10,687,403</u>	<u>21,488,418</u>	<u>21,191,684</u>	<u>10,984,137</u>
Townships				
Assets				
Cash and Pooled Investments	4,219	344,862	344,994	4,087
Property Tax Receivable	153	99	153	99
Future Property Tax Receivable	344,355	373,216	344,355	373,216
Total Assets	<u>348,727</u>	<u>718,177</u>	<u>689,502</u>	<u>377,402</u>
Liabilities				
Due to Other Governments	<u>348,727</u>	<u>718,177</u>	<u>689,502</u>	<u>377,402</u>
Total Liabilities	<u>\$ 348,727</u>	<u>\$ 718,177</u>	<u>\$ 689,502</u>	<u>\$ 377,402</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
Agency Funds
Year Ended June 30, 2012

	Balance June 30, 2011	Addi- tions	Deduc- tions	Balance June 30, 2012
City Special Assessments				
<i>Assets</i>				
Cash and Pooled Investments	\$ -	\$ 4,856	\$ 2,635	\$ 2,221
Assessments Receivable	34,354	54,195	34,354	54,195
Total Assets	<u>34,354</u>	<u>59,051</u>	<u>36,989</u>	<u>56,416</u>
<i>Liabilities</i>				
Due to Other Governments	34,354	59,051	36,989	56,416
Total Liabilities	<u>34,354</u>	<u>59,051</u>	<u>36,989</u>	<u>56,416</u>
Auto License and Use Tax				
<i>Assets</i>				
Cash and Pooled Investments	673,188	8,150,338	8,172,272	651,254
Total Assets	<u>673,188</u>	<u>8,150,338</u>	<u>8,172,272</u>	<u>651,254</u>
<i>Liabilities</i>				
Due to Other Governments	673,188	8,150,338	8,172,272	651,254
Total Liabilities	<u>673,188</u>	<u>8,150,338</u>	<u>8,172,272</u>	<u>651,254</u>
Joint Disaster				
<i>Assets</i>				
Cash and Pooled Investments	63,981	90,873	89,820	65,034
Due from Other Governments	-	28,425	-	28,425
Total Assets	<u>63,981</u>	<u>119,298</u>	<u>89,820</u>	<u>93,459</u>
<i>Liabilities</i>				
Accounts Payable	515	1,665	515	1,665
Compensated Absences	888	971	888	971
Due to Other Governments	62,578	116,662	88,417	90,823
Total Liabilities	<u>63,981</u>	<u>119,298</u>	<u>89,820</u>	<u>93,459</u>
Brucellosis and Tuberculosis Eradication				
<i>Assets</i>				
Cash and Pooled Investments	44	6,306	6,309	41
Property Tax Receivable	3	4	3	4
Future Property Tax	3,817	4,141	3,817	4,141
Total Assets	<u>3,864</u>	<u>10,451</u>	<u>10,129</u>	<u>4,186</u>
<i>Liabilities</i>				
Due to Other Governments	3,864	10,451	10,129	4,186
Total Liabilities	<u>\$ 3,864</u>	<u>\$ 10,451</u>	<u>\$ 10,129</u>	<u>\$ 4,186</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
Agency Funds
Year Ended June 30, 2012

	Balance June 30, 2011	Addi- tions	Deduc- tions	Balance June 30, 2012
Tax Redemption				
<i>Assets</i>				
Cash and Pooled Investments	\$ 46,176	\$ 266,423	\$ 285,334	\$ 27,265
Total Assets	<u>46,176</u>	<u>266,423</u>	<u>285,334</u>	<u>27,265</u>
<i>Liabilities</i>				
Due to Other Governments	46,176	266,423	285,334	27,265
Total Liabilities	<u>46,176</u>	<u>266,423</u>	<u>285,334</u>	<u>27,265</u>
E-911				
<i>Assets</i>				
Cash and Pooled Investments	521,128	178,297	231,547	467,878
Accounts Receivable	18,797	19,244	18,797	19,244
Accrued Interest	435	83	435	83
Due from Other Governments	11,937	12,203	11,937	12,203
Total Assets	<u>552,297</u>	<u>209,827</u>	<u>262,716</u>	<u>499,408</u>
<i>Liabilities</i>				
Accounts Payable	1,319	764	1,319	764
Due to Other Governments	550,978	209,063	261,397	498,644
Total Liabilities	<u>552,297</u>	<u>209,827</u>	<u>262,716</u>	<u>499,408</u>
Future Tax				
<i>Assets</i>				
Cash and Pooled Investments	124,485	110,938	133,204	102,219
Total Assets	<u>124,485</u>	<u>110,938</u>	<u>133,204</u>	<u>102,219</u>
<i>Liabilities</i>				
Due to Other Governments	124,485	110,938	133,204	102,219
Total Liabilities	<u>124,485</u>	<u>110,938</u>	<u>133,204</u>	<u>102,219</u>
Recorder's Electronic Fee Fund				
<i>Assets</i>				
Cash	1,418	7,080	7,957	541
Accounts Receivable	976	519	976	519
Total Assets	<u>2,394</u>	<u>7,599</u>	<u>8,933</u>	<u>1,060</u>
<i>Liabilities</i>				
Due to Other Governments	2,394	7,599	8,933	1,060
Total Liabilities	<u>\$ 2,394</u>	<u>\$ 7,599</u>	<u>\$ 8,933</u>	<u>\$ 1,060</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
Agency Funds
Year Ended June 30, 2012

	Balance July 1, 2011	Addi- tions	Deduc- tions	Balance June 30, 2012
Drainage Districts				
<i>Assets</i>				
Cash and Pooled Investments	\$ 18,703	\$ 66,966	\$ 68,305	\$ 17,364
Assessments	30,845	30,380	30,845	30,380
Total Assets	<u>49,548</u>	<u>97,346</u>	<u>99,150</u>	<u>47,744</u>
<i>Liabilities</i>				
Due to Other Governments	<u>49,548</u>	<u>97,346</u>	<u>99,150</u>	<u>47,744</u>
Total Liabilities	<u>49,548</u>	<u>97,346</u>	<u>99,150</u>	<u>47,744</u>
Total All Agency Funds				
<i>Assets</i>				
Cash and Pooled Investments	2,147,289	39,639,573	39,611,785	2,175,077
Receivables:				
Property Tax	38,287	36,879	38,287	36,879
Future Property Tax	29,802,047	30,206,789	29,802,047	30,206,789
Accounts	19,797	20,860	20,774	19,883
Assessments	65,199	84,575	65,199	84,575
Accrued Interest	555	201	555	201
Due from Other Governments	<u>11,937</u>	<u>40,628</u>	<u>11,937</u>	<u>40,628</u>
Total Assets	<u>32,085,111</u>	<u>70,029,505</u>	<u>69,550,584</u>	<u>32,564,032</u>
<i>Liabilities</i>				
Accounts Payable	6,958	70,967	70,328	7,597
Due to Other Governments	32,075,443	69,954,809	69,477,546	32,552,706
Compensated Absences	<u>2,710</u>	<u>3,729</u>	<u>2,710</u>	<u>3,729</u>
Total Liabilities	<u>\$32,085,111</u>	<u>\$70,029,505</u>	<u>\$69,550,584</u>	<u>\$32,564,032</u>

COUNTY OF PLYMOUTH, IOWA

**Schedule of Revenues By Source and Expenditures By Function - All Governmental Funds
For the Last Ten Years**

	Modified Accrual Basis of Accounting			
	2012	2011	2010	2009
Revenue:				
Property and other county tax	\$ 9,877,179	\$ 9,920,821	\$ 8,990,258	\$ 8,308,557
Interest and penalty on property tax	63,172	78,080	59,147	52,946
Intergovernmental	8,972,935	7,385,918	6,932,868	7,024,793
Licenses and permits	17,800	24,285	22,993	30,113
Charges for services	1,115,565	1,114,377	859,404	1,022,824
Use of money and property	207,602	189,653	177,048	228,436
Miscellaneous	496,728	458,852	380,740	349,320
Total Revenue	20,750,981	19,171,986	17,422,458	17,016,989
Expenditures:				
Current operating:				
Public safety and legal services	3,071,623	2,853,341	2,855,860	2,734,558
Physical health and social services	364,859	376,388	414,025	328,814
Mental health	2,147,497	1,984,771	1,660,599	1,902,737
County environment and education	799,208	927,079	906,846	769,916
Roads and transportation	6,245,662	6,195,661	6,386,246	6,178,260
Government services to residents	710,910	656,140	665,248	674,508
Administration	3,727,087	3,956,335	2,270,447	2,142,876
Non-program services	-	13,975	29,204	84,500
Capital projects	1,140,267	1,560,203	1,021,659	1,083,632
Debt service	1,509,270	1,271,516	1,610,201	1,252,667
Total	\$ 19,716,383	\$ 19,795,409	\$ 17,820,335	\$ 17,152,468

Modified Accrual Basis of Accounting					
2008	2007	2006	2005	2004	2003
\$ 7,029,638	\$ 7,038,897	\$ 6,477,719	\$ 6,066,442	\$ 6,117,788	\$ 5,468,980
66,489	44,774	51,572	41,285	54,117	73,955
7,434,084	7,907,071	6,366,280	5,764,705	6,098,652	5,736,528
18,916	20,915	16,411	19,970	13,720	15,685
943,907	900,890	1,027,574	714,999	645,852	671,938
332,861	427,026	512,097	361,449	325,344	482,243
314,448	288,332	285,461	237,226	298,171	78,838
16,140,343	16,627,905	14,737,114	13,206,076	13,553,644	12,528,167
2,658,332	2,486,684	2,535,343	2,275,934	2,026,630	1,728,393
264,204	255,798	239,609	246,990	314,657	328,268
2,009,963	1,638,704	1,565,248	1,431,115	1,285,294	1,548,898
869,298	778,989	655,145	7,743,681	614,980	539,664
6,461,398	6,699,545	4,793,094	4,890,445	4,877,358	4,312,639
602,053	618,032	787,097	588,414	535,747	494,248
1,974,168	2,138,733	2,167,003	2,418,039	1,855,790	1,240,332
20,000	110,352	327,239	41,639	25,000	-
831,956	1,172,569	1,647,786	2,454,669	2,617,181	6,044,927
941,037	950,554	941,384	665,329	639,790	654,067
\$ 16,632,409	\$ 16,849,960	\$ 15,658,948	\$ 22,756,255	\$ 14,792,427	\$ 16,891,436

PLYMOUTH COUNTY, IOWA
Schedule of Expenditures of Federal Awards (Cash Basis)
Year Ended June 30, 2012

	CFDA Number	Agency or Pass-Through Number	Program Disburse- ments
Direct:			
U.S. DEPARTMENT OF THE INTERIOR			
Neotropical Migratory Bird Conservation	15.635		\$ 97,000 *
Indirect:			
DEPARTMENT OF AGRICULTURE			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental			
Nutrition Assistance Program	10.561		15,143
Hungry Canyons Alliance:			
Soil and Water Conservation	10.902	11-13-F	4,900
		11-7-F	7,700
			<u>12,600</u>
DEPARTMENT OF JUSTICE			
Iowa Department of Justice:			
Crime Victim Assistance	16.575	VA-12-49	22,183
DEPARTMENT OF TRANSPORTATION			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO75(127)-8J-75	170,796
Highway Planning and Construction		BROS-CO75(128)-8J-75	98,269
			<u>269,065 *</u>
Iowa Governor's Traffic Safety Bureau			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	012-410, Task 61	7,078
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Iowa Department of Human Services:			
Public Health Emergency Preparedness	93.069	5882BT75	12,269
		5881BT75	4,648
		5881BT375	20,076
			<u>36,993</u>
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered	93.566		28
Programs			
Child Care Mandatory and Matching Funds of the Child Care	93.596		3,362
and Development Fund			
Foster Care - Title IV-E	93.658		5,527
Adoption Assistance	93.659		1,613
Social Services Block Grant	93.667		4,849
Children's Health Insurance Program	93.767		53
Medical Assistance Program	93.778		14,227
Child Support Enforcement	93.563		829
Social Services Block Grant	93.667		50,441
Grants to States for Operation of Offices of Rural Health	93.913		\$ 1,000

(Continued)

PLYMOUTH COUNTY, IOWA
Schedule of Expenditures of Federal Awards (Cash Basis) - (Continued)
Year Ended June 30, 2012

	CFDA Number	Agency or Pass-Through Number	Program Disburse- ments
DEPARTMENT OF HOMELAND SECURITY			
Iowa Department of Homeland Security and Emergency Management			
Emergency Management Performance Grants	97.042		\$ 56,898
Total Expenditures of Federal Awards			<u>\$ 598,889</u>

* Total disbursements from these programs exceeded 50% of the total federal awards and are considered major programs.

Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal grant activity of Plymouth County and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

PLYMOUTH COUNTY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed a finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:

CFDA Number	Program Name
20.205	Highway Planning and Construction
15.635	Neotropical Migratory Bird Conservation

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000
- (i) Plymouth County did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Instances of Noncompliance

No matters were reported.

There were no prior year audit findings.

Material Weakness

II-A-12: Financial Reporting

Observation – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables, and capital asset additions are identified in the County's financial statements.

PLYMOUTH COUNTY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Response – We will double check these in the future to avoid missing any receivables, payables, or capital asset transactions.

Conclusion – Response accepted

Part III: Findings and Questioned Costs For Federal Awards

Instances of Non Compliance

No matters were reported.

Material Weakness

III-A-12: Grant Administration/Schedule of Expenditures of Federal Awards

Observation – During the audit, we identified adjustments necessary for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the County to properly include all amounts and information in the Schedule of Expenditures of Federal Awards.

Recommendation – The County should implement procedures to ensure all federal grants are identified and included in the County's Schedule of Expenditures of Federal Awards at the appropriate amounts.

Response – The County understands the nature of the weaknesses and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards.

Conclusion – Response accepted

PLYMOUTH COUNTY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-12** Certified Budget – Disbursements for the year ended June 30, 2012, exceeded the amounts budgeted in the capital projects and debt service functions.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend the budget when required in the future.

Conclusion – Response accepted.

- IV-B-12** Questionable Expenses – We noted no expenditures that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.

- IV-C-12** Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

- IV-D-12** Business Transactions – There were no business transactions between the County and County officials and/or employees during the year ended June 30, 2012.

- IV-E-12** Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. Township clerks are included in the blanket bond purchased by the County. Chapter 64.12 of the Code of Iowa requires that all bonds required of the township clerk be furnished and paid for by the township.

Recommendation – The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. The County should seek reimbursement for the amount paid for the bond premiums for township clerks.

Response – We feel the amount each township owes is minimal and therefore, not worth the time it would take to figure and bill each township.

Conclusion – Response accepted.

- IV-F-12** County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from the County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2012 for the County Extension Office did not exceed the amount budgeted.

- IV-G-12** Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- IV-H-12** Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12b and 12c of the Code of Iowa and the County's investment policy were noted.

PLYMOUTH COUNTY
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2012

III-A-11: Grant Administration/Schedule of Expenditures of Federal Awards

Observation – During the audit, we identified adjustments necessary for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the County to properly include all amounts and information in the Schedule of Expenditures of Federal Awards.

Recommendation – The County should implement procedures to ensure all federal grants are identified and included in the County's Schedule of Expenditures of Federal Awards at the appropriate amounts.

Response – The County understands the nature of the weaknesses and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards.

Conclusion – This finding still exists at June 30, 2012. See III-A-12.

III-B-11: Financial Accounting

Observation – During the audit, we identified grant revenues and expenditures which were not originally recorded or identified to be recorded by the County. The County contracts out the grant administration for these grants to the local hospital who deposited the grant proceeds into their bank account to administer the grant. The checks received from the State of Iowa for these grants were improperly endorsed by the contractor instead of the County.

Recommendation – We recommend the County identify all "pass-through" type grants and develop procedures to track the "pass-through" revenue and expenditures for recording purposes and to ensure proper reporting of these types of grants. We also recommend that all grant receipts be deposited by the County before being expended to the contractor for administration.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – This finding has been resolved.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Supervisors
Plymouth County, Iowa:

Compliance:

We have audited Plymouth County, Iowa's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Plymouth County, Iowa's major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance:

Management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on effectiveness of the County's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as III-A-12 to be a material weakness.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on the response.

The purpose of this report is to provide an opinion on the County's compliance with the compliance requirements that could have a direct and material effect on each of its major federal programs. The purpose is also to describe the scope of our testing of internal control over compliance with the requirements that could have a direct and material effect on a major federal program, and the result of that testing, but not to provide an opinion of the effectiveness of internal control over compliance. Accordingly, this report is not suitable for any other purpose.

William & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 22, 2012



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
Plymouth County, Iowa

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of PLYMOUTH COUNTY, IOWA as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

Management of Plymouth County, Iowa, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Plymouth County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Plymouth County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Plymouth County, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item II-A-12 to be a material weakness.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether Plymouth County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances

of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

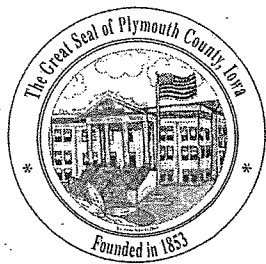
Plymouth County, Iowa's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Plymouth County Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Plymouth County and other parties to whom Plymouth County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Plymouth County during the course of our audit. Should you have any questions concerning any of the above matters we would be pleased to discuss them with you at your convenience.


Certified Public Accountants

Le Mars, Iowa
December 22, 2012



Plymouth County Auditor

Stacey Feldman

Plymouth County Courthouse

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Schedule of Findings and Questioned Costs Corrective Action Plan June 30, 2012

Department of Transportation
Department of the Interior

Plymouth County, respectfully submits the following corrective action plan for the year ended June 30, 2012.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended June 30, 2012.

The finding from the June 30, 2012 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

Material Weakness:

III-A-12 - Grant Administration/Schedule of Expenditures of Federal Awards

Observation – During the audit, we identified adjustments necessary for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the County to properly include all amounts and information in the Schedule Expenditures of Federal Awards.

Recommendation – The County should implement procedures to ensure all federal grants are identified and included in the County's Schedule of Expenditures of Federal Awards at the appropriate amounts.

Response – The County understands the nature of the weakness and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards.

If the Department of Transportation or Interior has questions regarding this plan, please call Stacey Feldman at 712-546-6100.

Sincerely yours,

PLYMOUTH COUNTY

Stacey Feldman, Auditor